# FOREIGN AGRICULTURE

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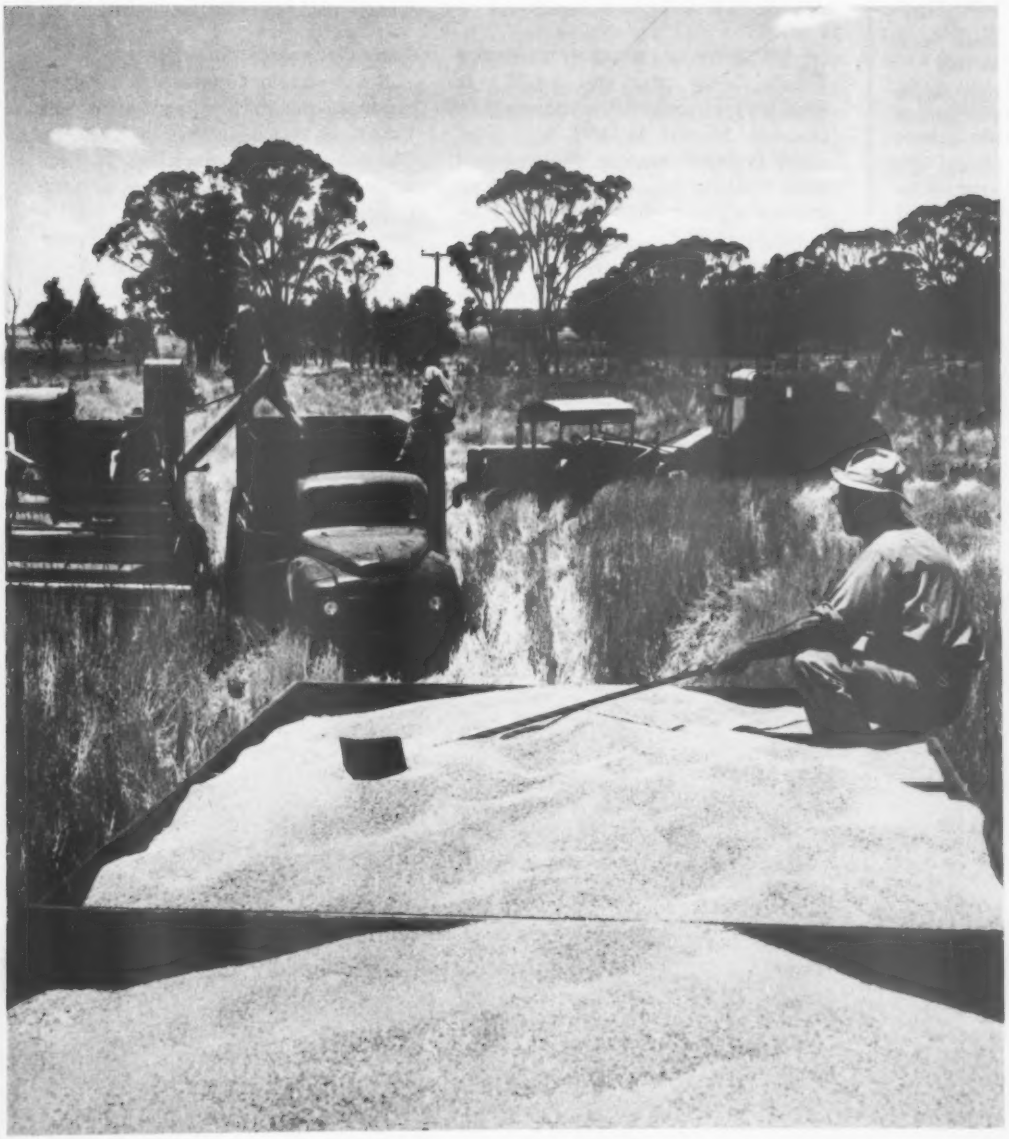

Loading grain, Australia.

## Australia Planting More Grain

## Israeli Processed Food Exports

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

**FOREIGN AGRICULTURE**
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This week's cover:

Loading bulk grain carriers with wheat near Narromine, New South Wales, Australia. Both wheat and coarse grain outturns in Australia are expected to be higher in the 1974-75 crop year—weather permitting—than in 1973-74.

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# Australia Sowing More Grain For the 1974-75 Crop Year

AUSTRALIAN GRAIN FARMERS, harried by heavy rains and flooding in some growing areas, are increasing their plantings for the 1974-75 crop year. Given favorable weather, the volume of grain available for export should be up substantially over 1973-74 levels.

Wheat producers are planting a total of 10-11 million hectares (1 hectare= 2.471 acres) in the expectation of a 12.5-13 million metric ton crop. And production of most coarse grains also is expected to be higher than in the 1973-74 crop year.

June plantings for the coming winter wheat season are being delayed in some areas of northern Victoria, and lack of normal draining in the Wimmera may force postponement of planting.

If adverse weather should impose delays, a lower projected total acreage of 9.5-10 million hectares would appear more likely. Average Australian wheat yield in recent years has been about 1.18 tons per hectare.

Wheat plantings in Western and South Australia and in New South Wales will be substantially higher than in the 1973-74 crop year. One indication is that sales of superphosphate fertilizer in Western Australia were about 35 percent higher than last year, and in South Australia were up by over 10 percent before the Government announced that it was ending the fertilizer subsidy.

Although part of these increased sales may have been in anticipation of the subsidy's removal, it seems clear that most of the larger purchases were intended for extended plantings.

Australian export wheat prices declined in early May in response to favorable crop reports in the United States and other producing countries in the Northern Hemisphere.

Australia's new Wheat Stabilization Plan that was to be introduced in the 1974-75 crop year still has not been accepted by all State Governments. Although New South Wales ultimately agreed to the plan under heavy Federal pressure, the new Western Australian Government refused to cooperate and pass complementary legislation—probably in the hope that the Federal elections would return a Liberal-Country Party Government to office.

But the Labor Government has been returned, and further negotiations will have to be held with Western Australia. The outcome is still uncertain, as present legislation requires that the industry situation be referred to the Industries Assistance Commission if the proposed plan is not implemented by June 30.

The 1973-74 Australian wheat crop was finally tallied at 12,045,000 tons, of which nearly 1.8 million tons—about 15 percent—were of offgrade wheat. Small quantities of Prime Hard Wheat were harvested in Queensland and in

*Tall ventilation pipes in New South Wales rice storage shed control moisture content, a procedure vital in maintaining rice in perfect condition and preventing the grain from cracking.*

northern New South Wales. Deliveries to the Australian Wheat Board totaled 11,067,191 tons, of which more than one-third were from Western Australia.

In order to market the total crop to best advantage, the Board established a record number of 38 subclassifications in the six basic grades, which caused segregation problems for the State grain authorities.

Wheat carryover stocks held by the Board as of December 1, 1973, totaled 485,209 tons, giving a total marketable supply of 11,552,400 tons. Domestic sales will require about 2.25 million metric tons, mainly because of increased sales of offgrade feed wheat. The Board probably will try to hold a minimum carryover of about 635,000 tons at the end of the current marketing year, which would make about 8.6 million tons available for export. Virtually all this volume has been sold or allocated to traditional markets, and more could have been sold if available.

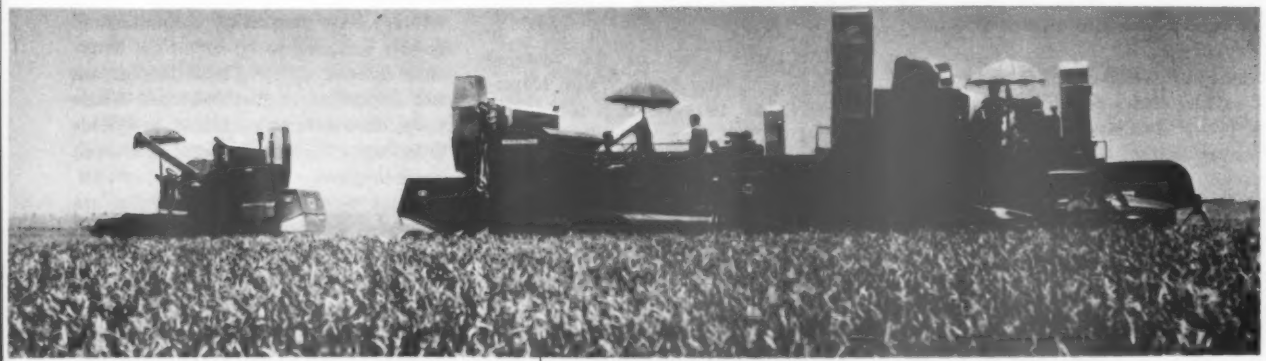
The Board maintained a heavy shipping program in the first 5 months of the 1973-74 crop year, and has shipped more than 3.5 million tons, including more than 700,000 tons to the People's Republic of China (PRC) and more than 500,000 tons of a 600,000-ton contract with the USSR to India.

SHIPMENTS to the PRC progressed at a rapid rate this season, probably to offset the shortfall in the 1973 contract. Exports to Japan are running at a higher level than last year, and reached 352,000 tons in early May. Another 57,000 tons went to Indonesia, 54,000 tons to Bangladesh, 14,755 tons to Pakistan, and 2,000 tons were shipped to Ethiopia.

Australia's coarse grain production this season was larger than last year's drought-affected crop. Barley production rose to nearly 2.4 million tons, while oat production totaled just over 1 million tons. The larger barley crop will permit increased exports of this grain, but most of the oats will be retained for replenishment of depleted farm stocks.

Barley exports in the December 1973-November 1974 year probably totaled 1.3 million tons, mainly to Japan and Taiwan. The limited oat exports—about 120,000 tons—are mainly from Western Australia.

The wheat areas in Victoria and South Australia most affected by rust last season probably will be switched to barley production. This move, together



*Australian wheat farms, such as the one at top, are expected to produce a 12.5-13 million ton harvest in the 1974-75 crop year. Australian farmer, left, examines his ripening crop. Bagged and bulk wheat, above, arriving at Hendy, N.S.W., silos.*

with somewhat larger barley plantings in Western Australia, will result in a significant increase in barley output. Total barley area could total about 2.2 million hectares, with a potential production of 2.6 million tons.

Oat plantings are expected to remain unchanged at about 1.3 million hectares, as pastoral conditions have been excellent and only limited hand feeding is required during the winter. With export markets for oats unattractive compared with other grains, there is little incentive to increase production of this crop.

Sorghum plantings may increase again, particularly if wheat prices should soften. Much also will depend on weather and relative prices of oilseeds.

THE sorghum crop harvest in May is estimated at about 975,000 tons—somewhat less than first anticipated. Exceptionally wet conditions in April and May delayed harvesting in many areas and caused crop loss as well as quality deterioration.

However, areas not affected by floods or harvest delays greatly benefited from the heavy rains, and yields of up to 7.5 tons per hectare were recorded in some normally dry areas. Consequently, the decline in plantings of over 10 percent compared with last year had little effect.

The large volume of offgrade feed wheat available this season, together with the collapse of the feedlot boom, greatly reduced the domestic demand for grain sorghum, and most of the crop is now being delivered for export. As a result, the volume available for export is now estimated at about 625,000 tons —more than 50,000 tons greater than in the previous year. Japan again will be the major market.

Corn production in the 1973-74 crop year is estimated at about 157,000 tons from a harvested area of about 57,000 hectares. Plantings fell further in a downward trend that has been evident over the past few years. Difficult growing conditions during the past 2 seasons appear to be mainly responsible, although the relatively low prices offered by the few Australian processors prior to 1973 may also have been a factor.

The New South Wales crop is estimated at about 60,000 tons from 20,000 hectares, and the Queensland outturns at 75,000 tons from 31,500 hectares. The remainder is produced mainly in Victoria.

The higher returns from corn obtained this season have given producers some encouragement. Not only have processors been more active in trying to obtain supplies from domestic sources, but inquiries from importing countries have been significant.

With the larger crops now in prospect in the United States and other countries in the Northern Hemisphere, this favorable marketing position may not last long. But Australian growers are nevertheless showing more interest in the crop. Area planted is at best unlikely to exceed 80,000 hectares, however, with a potential yield of about 200,000 tons.

Rice production in the 1973-74 crop year is estimated at about 395,000 tons of paddy or about 239,000 tons of milled rice—a substantial increase over the 1972-73 season, when 187,000 tons of milled rice were produced.

Following the relaxation of Government restrictions in 1973, growers expanded their plantings sharply from about 45,000 hectares in 1972 to 67,000, with most of the increase occurring in New South Wales. Consequently, the 1973-74 crop set a new record. Yields were generally satisfactory, but the quality of late harvested crops deteriorated as a result of wet conditions and harvest delays.

Australian exports of milled rice in 1973-74 totaled about 161,000 tons, with Papua New Guinea, Hong Kong, and the United Kingdom as major markets. New Zealand took its usual volume, Indonesia made a substantial purchase, and the remainder was shipped to Pacific islands.

Returns to growers have increased sharply this year. Although returns for the 1972-73 crop—mainly marketed in 1973-74—are not yet finalized, it is anticipated that growers will receive a record high return of about US$120 per ton paddy. If export prices hold at current levels, a similar return for the 1973-74 crop seems likely.

Outlook for rice exports in the 1974-75 (1973-74 crop) is for an increase in shipments to about 180,000 tons. Bulk of the export volume is likely to move to Papua New Guinea, Hong Kong, and the United Kingdom, although somewhat larger shipments to Pacific island destinations are likely.

It is too early in the rice season to predict plantings for the 1974-75 year with any certainty. However, the favorable marketing situation during the past year may lead to further expansion in the area along the Murray River and in the Coleambally Irrigation Area.

Following the heavy rainfall experienced this year, water supplies are adequate in all districts, and consequently there will be little justification for limiting plantings because of shortages of irrigation water.

The 1974-75 crop may be expected to total at least 380,000 tons paddy, and could go as high as 400,000 tons if conditions are favorable. This probably would make about 215,000 tons of milled rice available for export during the 1975-76 shipping season. To cope with expected expansion in production, the New South Wales Rice Marketing Board is increasing storage capacity by about 66,000 tons. This would bring total paddy storage capacity owned by the Board from the current 285,000 tons to more than 350,000 tons. Additional storage is available at the cooperative mills.

Navy bean production in Queensland is now expected to be somewhat better than forecast earlier. Flood damage was not as serious as first indicated. Some crops were adversely affected, but yields from early harvested areas have been good to above average.

Total plantings of Navy beans are estimated at about 5,200 hectares, and production is now forecast at 3,200 metric tons of clean beans—still well below domestic requirements but substantially better than the poor crop of 1,424 tons harvested from 9,005 hectares last year.

NAVY BEAN PLANTINGS in the South Burnett district were slightly in excess of 3,000 hectares, and production from this area is expected to reach 2,100 tons. Crops on the Darlington Downs were somewhat affected by dry conditions during the latter part of the growing season, although good yields were reported from early harvested crops.

On the basis of clean-bean production of about 3,200 tons, imports of 4,000-5,000 tons of Navy beans will be needed to meet domestic market requirements during 1974-75. Current high prices of Navy beans on the U.S. and world markets may cause importers to hold off for the time being—at least until the 1974 Northern Hemisphere crops become available.

—Based on reports from
*Office of U.S. Agricultural Attaché*
*Canberra*

*High prices slow some consumption*

# World's Sugar Output Heads for Second Straight Record Year

By LESLIE C. HURT
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*Sugar and Tropical Products*
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WORLD SUGAR production in 1974-75 is now expected to rise to about 83.7 million metric tons (92.3 million short tons) to set an alltime record for the second consecutive year. Outturns in South America, Asia, and Oceania in particular are expected to be higher, while West European production may be about level with 1973-74's.

The global outturn of both cane and beet sugar is likely to exceed last season's 81.2 million tons (89.5 million short tons) by 2.5 million. This is about 2.2 million tons above estimated consumption requirements and would allow further replenishment of low carryover stocks.

World consumption of sugar in 1974-75 is expected to advance to about 81.5 million tons compared with about 79.5 million in the 1973-74 year. Although some evidence suggests that recent high prices have dampened consumption increases, sugar prices are controlled in many countries, and demand in these has continued to increase.

Higher production in 1974-75 is forecast for many of the major producing countries. More significant among these are Brazil, France, South Africa, the Philippines, and Australia. However Cuba and the USSR are also very likely to increase output. Some West European countries had poor weather conditions earlier, but conditions improved as the season progressed. In the United States, production may be about equal to last season's.

Several cane-producing countries are expected to harvest larger crops. The upward trend is expected to continue in Argentina, since the Government on March 21, 1974, authorized mills to increase 1974-75 sugar production by 50,000 tons. Brazil has authorized 1974-75 sugar production at a maximum of 125 million bags or 7.5 million tons. Since some of this is refined, raw value amounts to 7.8 million tons. Brazil produced 6.9 million tons in 1973-74.

The 1974-75 South African crop, milled mostly in the last half of 1974, is set for a record and could reach 1.95 million tons. The 1974-75 Philippine crop will likely exceed 2.6 million tons. Area planted to sugarcane there is continuing to expand.

Production of cane sugar in the United States may increase by 200,000 tons above the frost-damaged 1973-74 crop and be at a level sufficient to offset the small decline likely for beet sugar.

Sugarcane acreage is likely to remain about the same in India for the 1974-75 crop as for the previous year when 5 million tons of sugar were produced. A general shortage of fertilizer could inhibit output in 1974-75, however, as it did last year. Last season's crop was also adversely affected by failure of winter rains and shortage of irrigation pumps, as well as by the Pyrilla pest infestation in the northern cane-growing belt.

The 1974-75 year may see Jamaica's downward production trend reverse. Some increases are also likely for Nicaragua and Panama, provided there is favorable weather. Ecuador's production in the coming season may rise by 40,000 tons.

On the other hand, Venezuela continues to face setbacks in its efforts to increase sugar production to previously projected levels. In 1973-74, output was 33,000 tons short of the 554,000-ton goal, and it may be another 2 years before local production will improve significantly. A small increase is expected for Cuba, owing to more mechanization and better prices to producers this season.

A new mill will begin operations in the Philippines at the beginning of the 1974-75 year, raising prospects for higher production. This is the last mill to be constructed under the expansion program that was started 6 years ago.

Prospects for beet sugar production for 1974-75 point to little overall change. Acreage and output will not be as high as last year's in some West European countries. Production in France, nevertheless, could be up substantially. France's sugar beet acreage is about 4 percent above that of 1973-74.

Production in West Germany may be about the same as last year's, although some areas were affected by dry weather

SUGAR: PRODUCTION AND PRICES

| World production | | Raw sugar prices | | |
|---|---|---|---|---|
| Year | Raw value | Month | U.S. spot [1] | World Price [2] |
| | *1,000 metric tons* | | *Cents per lb.* | *Cents per lb.* |
| 1964-65/1968-69, avg. | 65,219 | Jan.-Dec., 1973 | 10.29 | 9.61 |
| 1969-70 | 71,895 | Jan. 1974 | 12.63 | 15.32 |
| 1970-71 | 70,524 | Feb. 1974 | 17.09 | 21.28 |
| 1971-72 | 70,405 | Mar. 1974 | 18.11 | 21.27 |
| 1972-73 | 76,595 | Apr. 1974 | 19.25 | 21.77 |
| 1973-74 | 81,174 | May 1974 | 23.05 | 23.65 |
| 1974-75, est. | 83,700 | June 1974 | 26.30 | 23.67 |

[1] New York duty paid for bulk sugar under contract No. 10, duty paid or duty free, full duty rate = 0.625 cents per pound. [2] Bulk sugar under contract No. 11, f.o.b. and stowed at Greater Caribbean ports, including Brazil. NOTE: A deduction from the U.S. spot price of about 1.5 cents per pound for duty, freight and insurance would need to be made for months shown above to compare with world prices.

and had to be reseeded. Italy's production is likely to decline in spite of favorable weather since acreage reportedly is 15 percent lower. The reverse is the case for Yugoslavia where acreage is up about 16 percent.

Crop conditions in Spain have been reported as favorable, but acreage is down about 12.5 percent. Germination was slow and patchy due to dry weather in the United Kingdom, where production may decline 150,000 tons to total only 889,000 tons. A dry cold spring is expected to lower production in the Netherlands.

The USSR announced on May 28 that sugarbeet planting was completed. Acreage there rose slightly this year, and plans call for an increase of sugar production over 1973-74. Production of beet sugar in the United States for 1974-75 is likely to decline from 1973-74's because of a slight drop in acreage and possibly lower yields.

Higher prices for sugar this year have caused consumption to dip in some countries. Continued consumption gains are expected in many countries, however, especially the developing countries. Many of these, both producing and consuming, control domestic prices to consumers.

In producing countries that export and do not control domestic prices, the sellers' market of the last few months has pressured prices at home and frequently triggered consumption declines. Advancing prices have discouraged consumption in Argentina, for example, where sugar usage dropped by 4 percent in 1973-74. In Canada, per capita consumption was down a pound or more in 1973-74 from the 104-pound level of 1972-73.

Conversely, retail prices have held essentially constant since 1956 in Venezuela, and consumption continues to move upward rapidly.

Japan's 1973-74 consumption is estimated at nearly 3.4 million tons, raw value, about equal to the previous year —a situation similar to that in the United States.

Sugar mill construction has become so expensive in the past few years that activity has slowed considerably. However, with more remunerative sugar prices in 1974, a number of new mills are being planned or proposed. The renewed interest in mill construction is likely to assure adequate capacity for at least the next several years.

# Turkey's Cotton Acreage Up Despite Lagging Export Sales

By LARENCE E. OSBORN
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COTTON CONTINUES as Turkey's major source of foreign exchange. Even though the 1973-74 crop had its ups and downs, the generally favorable outcome should boost acreage this year.

As the world's fourth largest cotton exporter—ranking behind the United States, the USSR, and Egypt—Turkey should export about 1.3 million bales in 1973-74, 130,000 bales less than last season. Over the last decade, Turkey has shipped an average of over 1.1 million bales annually. Due to increased domestic spinning capacity, however, raw cotton exports may decline somewhat over the next several years as cotton mill consumption rises.

Current estimates place Turkey's 1973-74 production of raw cotton at 2.4 million bales (480 lbs. net), down 6 percent from nearly 2.5 million bales a year earlier. Heavy rains fell early this season to cause some damage to germination, and, as a result, reduced both acreage and yields. Area is estimated at 1.7 million acres, representing a yield of about 657 pounds of lint per acre, compared with 637 pounds in 1972-73 and a record 677 pounds in 1971-72.

When conditions in some parts of Turkey pulled lint outturn (lint as a percentage of the unginned cotton) below normal, local buyers of unginned cotton reduced the price paid to farmers. This dissatisfied some producers, but it is not expected to influence 1974 plantings.

Favorable production and revenue levels for cotton in 1973, as well as continuing favorable market factors, indicate that total area planted to cotton in 1974 may increase as much as 15 percent, to total 1.9 million acres, slightly exceeding the record 1972-73 acreage. Trendline yields favor a 1974-75 crop of about 2.5 million bales, and yields at the estimated 1973-74 levels indicate a crop of 2.7 million bales. Both totals compare favorably with the 1972-73 record output of 2.5 million bales.

For some years Turkey has utilized support prices for raw seed cotton, with the present system beginning with the 1966 crop. In each of the major producing regions—Cukorova, Aegean, and Antalya—the Government announces the level of seed cotton prices at which each Regional Cooperative Union (Taris, Cukobirlik, and Antirbirlik) will receive cotton from members and nonmembers. When world prices are well abouve support levels, cotton flows easily into marketing channels—either private firms or cooperatives. However, if world prices decline, support prices encourage farmers to market cotton through cooperatives.

As in most other cotton-producing countries, cotton prices started the 1973-74 season well above 1972-73 levels and moved still higher, climbing to nearly 82 cents per pound for Standard I white lint in the Izmir market. Cooperatives, however, lacked sufficient funds to pay farmers full price for their seed cotton. As a result, the co-ops made a partial payment, and unpaid portions are now being settled with increased funds made available by the Government for payments to farmers.

IN RECENT YEARS, except in 1972-73, about three-fourths of Turkey's cotton exports have moved to West European markets. In 1972-73 over half or 783,000 bales went to Western Europe, and 131,000 bales went to Eastern Europe. Leading markets for Turkish cotton in 1972-73 were the People's Republic of China (PRC), 225,000 bales; Lebanon, 219,000 bales; the United Kingdom, 195,000; Switzerland, 166,000; West Germany, 153,000; Belgium, 91,000; and Italy, 70,000.

As of mid-March, export data were available for only 6 months (Aug.-Jan.) of the 1973-74 season. Of the 516,000 bales Turkey exported in this period, Western Europe reportedly took 314,000 bales; Eastern Europe, 35,000; and the PRC, 18,000.

While a number of Provinces grow

*Mechanical harvesters, left, are located at research stations in Turkey's principal cotton regions for demonstration purposes. Above, a cooperative gin in Antalya, Turkey's most stable production zone, where one-tenth its cotton is grown.*

cotton, most of Turkey's cotton is grown in three areas near the cities of Adana (Cukorova zone), Izmir (Aegean zone), and Antalya (Antalya zone).

The Cukorova is Turkey's largest and probably most dynamic cotton zone. Irrigation systems here are being enlarged each year by the Ceyhan River Project. Such expansion serves to substantially offset the loss of cotton acreage to fruit and vegetable production in the Cukorova. Cotton is clearly a strong contender for irrigated land in this zone.

Cotton in the Aegean must compete for irrigation water with a wide range of field crops. As the second major cotton producing area, the Aegean in the past 2 years has accounted for about a third each of Turkey's cotton production and acreage.

Cotton is grown under hot and humid conditions in the Antalya region, which produces about one-tenth of Turkey's cotton crop and is its most stable producing zone. Rising production costs and demand for food crops darken the prospects for an acreage increase beyond the 100,000 acres presently sown to cotton in the Antalya.

Cotton is often pushed aside in this area by grain (wheat), and to a lesser degree by vegetables, melons, and sesame. Although an average annual rainfall of over 40 inches in the Antalya enables cotton to be grown without irrigation, supplemental water is applied to about 90 percent of the acreage.

Cotton consumption in Turkey has risen just over 5 percent annually for the past 5 years, to nearly 1 million bales in 1973-74, about 40 percent of the country's total production. With inflation, however, the surge in domestic demand may well slacken.

In March 1972 the Government of Turkey classified textile machinery as a nonduty tariff item. In addition, the interest rate for intermediate term credit for the purchase of textile machinery was cut in half, to 6 percent. These incentives resulted in an expansion boom. The 1976 goal is 3.5 million spindles, up from about 1.2 million operating spindles in 1972.

In this textile industry boom, cotton is not likely to be the only beneficiary. Synthetic fibers will undoubtedly make gains, especially in view of Turkey's plans to expand synthetic fiber plant capacity.

EARLY IN THE 1973-74 season the Government notified cotton mills that it would not make any special provision to reserve cotton for mill needs and would not intervene in their behalf regarding prices at which mills would buy cotton. In late February 1974, however, ceiling prices for domestic sales of cotton textiles and a number of other basic products were raised substantially. Cotton textile prices were reportedly raised 83 percent, one of the largest increases.

Such an increase in the price of cotton textiles in the domestic market should make mills more interested in expanding offerings of textiles for the local market. However, the effect on consumer demand of the substantial price increases for cotton textiles is uncertain.

During the 1973 season, Turkey had four or five mechanical harvesters, located at research stations in the cotton producing regions for demonstration purposes.

Technically, mechanical harvesting is a simple operation that separates the seed cotton from the plant in the field. In practice, however, the shift from handpicking to mechanical harvesting would require significant changes throughout Turkey's cotton industry. Some of these include changes in cultural practices, gins and gin yards, and in the lifestyle of families currently depending upon the cotton harvest for a sizable share of their cash income.

In addition, the marketing system might need to differentiate between handpicked and machinepicked cotton. However, even if some mechanical pickers were imported for commercial use, it seems virtually certain that the impact of mechanical harvesting on the Turkish cotton economy in the near future will be small for some years to come.

About three-fourths of Turkey's cotton area receives irrigation at least once a year—a foremost factor in a conversion to mechanical harvesting. Precise application of water to cotton can reduce excess foilage and influence seed and lint yields.

In late 1972 Turkey issued its Third 5-Year Plan, which proposes expansion of the total area of irrigated crops from the 1972 level of 4.8 million acres to 6.1 million in 1977, a jump of 28 percent. Irrigated cotton acreage would increase from 1.2 million acres, or 26 percent of the total irrigated acreage in 1972, to 1.5 million or 24 percent of the planned irrigated acreage in 1977.

This gain of 296,000 acres in irrigated cotton area does not appear unreasonable if cotton partially displaces some other crops; however, this is not what the Plan specifies.

The Plan calls for total irrigated acreage to expand enough to permit major gains of over 100,000 acres for each of the following crops: Sunflower, wheat, fruits other than citrus, corn, and vegetables. Smaller gains would occur in pulses and feed, sugarbeets, citrus, and other industrial crops and cereal. Although targets set forth in the Plan may prove to be larger than can be achieved in only 5 years, it may be possible to reach these levels eventually.

# Israeli Processed Foods Gain Importance on World Markets

By MICHAEL E. KURTZIG
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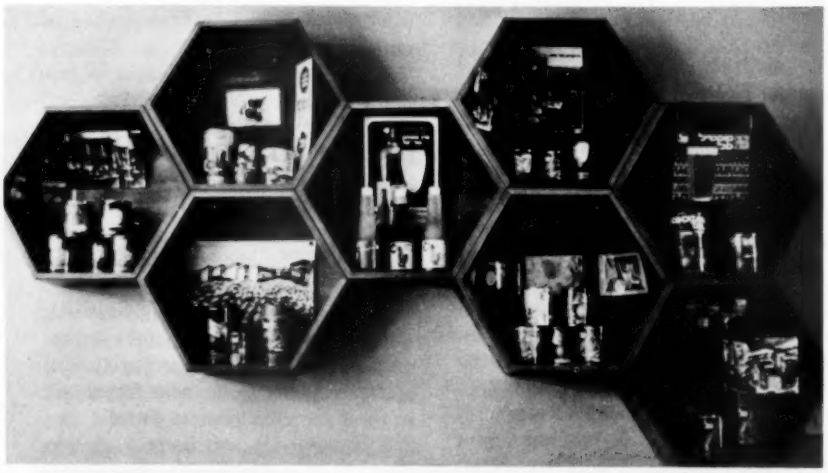
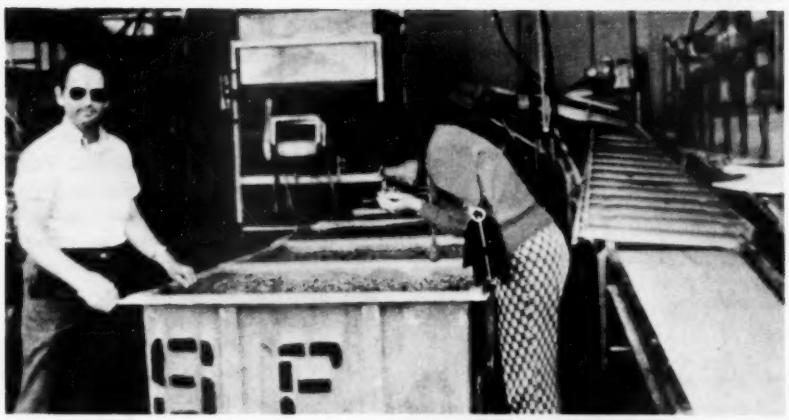
*Economic Research Service*





*Top, a display of processed food items from the Milouot plant near the Israeli city of Acre. Above, receiving area at a new freezing plant in Ashdod. Peas picked in the morning are processed and frozen that same day. Right, an Israeli grapefruit processing line at the Milouot plant.*

ISRAEL HAS HAD notable success penetrating European and North American fresh citrus markets and its Jaffa oranges are now enjoyed by consumers in such widely separated countries as the United States, the United Kingdom, and Sweden. Less well known on the export market—but gaining in importance—are products of Israel's food processing industry.

Although it is already extensive in relation to the country's size and population, Israel's food processing industry is still expanding rapidly, primarily because most of its production is consumed domestically. Embracing fruit and vegetable processors, dairies, and vegetable oilseed crushing mills, 84 percent of the industry's output was consumed domestically in 1971. Aided by the country's population uptrend and steady improvement in the standard of living, this industry growth is expected to continue as long as disposable incomes remain high.

In addition, export demand is mounting steadily—at the very high annual rate of 22 percent during the 4-year period, 1968-71. Processors now depend on the foreign market for a steady source of added revenue. For example, exports made up 16 percent of the industry's production in 1971, compared with 9 percent in 1969. Fresh citrus and citrus products are the most important agricultural export items.

In 1961-62, exports of citrus products totaled $9.8 million and exports of fresh citrus were $49.1 million. By 1971-72, citrus product exports were $49 million, while those of fresh citrus had risen to $112 million. One year later sales to foreign markets climbed even more—to $60 million for products and to $117 million for fresh citrus.

EXPORTS OF ALL processed agricultural products—including canned, frozen, and dehydrated vegetables—have increased from $52 million in 1971 to $76 million in 1972. Total exports of all agricultural products in 1972 amounted to $236 million.

The industry met its 1974-75 export goal at the end of 1971, and the target was raised. Present estimates for 1974-75 are that exports of all processed products should be over $100 million.

Citrus export destinations have not changed much in the last few years. The United Kingdom remains Israel's largest customer for fresh citrus and citrus

products, followed by West Germany, France, Sweden, the Netherlands, and the United States. Norway and Canada are also growing in importance. Entrance of the United Kingdom into the European Community (EC), however, has brought about a restudy of the future of this market. Of particular concern to Israel is the possibility the United Kingdom may change its citrus sources from traditional suppliers such as Israel, to others that have or may receive EC preferential treatment.

Therefore Israel is seeking new markets and is trying to penetrate present ones more deeply. This could be difficult, however, since Israeli processed products are priced slightly higher than those of other producers and customers must be convinced the quality is worth the extra cost.

THE UNITED STATES and Canada are becoming increasingly important markets for Israeli citrus segments—a relatively new item—and tomato products. These two countries took 33.2 percent of Israel's tomato product exports in 1971. The EC took 4.5 percent; the United Kingdom, 52.7 percent; the European Free Trade Association (minus the United Kingdom), 6.8 percent; while 2.8 percent went to other export destinations.

In 1972, the total supply of vegetables taken by local factories was just under 155,000 tons, of which 92,000 tons were exported in fresh or processed forms. Tomatoes provided the bulk of such exports. Of the more than 25 kinds of vegetables processed, at least 20 reached the export market, including a wide range of frozen and dehydrated products.

Food production is Israel's largest and most stable industrial branch, representing some 20 percent of the country's real output and employing 15 percent of the manpower engaged in industrial production. Processed agricultural products are among the foremost exports in the Israeli economy.

The food industry is noted as a stable contributor to the gross national product (GNP), even in difficult times such as 1966 and 1967, when GNP growth sagged to 1 and 2 percent, respectively. During the 5-year period, 1966-71, the average annual growth rate for the food sector was 8.2 percent compared with a smaller average GNP growth rate of 7.3 percent.

The citrus industry is responsible for the largest share of agriculture's contribution to GNP. Fresh citrus and product exports are important not only because of their large volume, but also because of the additional value gained from processing.

One of the oldest sectors of Israel's economy—some manufacturing concerns have been in operation for over 50 years—the food industry has responded to domestic and external demand by processing a wider variety of food items of higher quality. It has further mechanized production processes, devised more effective marketing and distribution systems, and begun to cultivate new field crops suitable for industrial processing.

The number of food industry workers grew from 30,000 in 1965 to 34,000 in 1971, while the number of enterprises declined from 1,007 in 1965 to 722 in 1970. Most food processors now employ between 5 and 9 persons, with 50 hiring more than 100. Twenty-four of the processors hire one-third of the labor force. Further growth is forecast by the Ministry of Commerce and Industry which sees a food industry work force of 40,000 persons by 1976.

Investment in the industry continues high with approximately $30 million to be invested on an annual basis until 1977. These funds will primarily go into further mechanization and automation and the introduction of new processing technology, especially deep freeze-drying and other dehydration techniques. New products will be developed and the range of current products will be expanded.

According to forecasts by the Ministry of Commerce and Industry, the food industry's output—compared with that of 1971—will be 37 percent greater by 1976 and 65 percent more by 1980. Average annual growth is expected to be about 7 percent during the 1971-76 period and 6 percent annually thereafter until 1980. Food exports could have a value of $160 million in 1976, according to the Ministry.

Forecasts for the tomato processing industry for 1980 call for juice production to reach $8 million, with 40 percent of the volume earmarked for export. Peeled tomatoes are expected to be $5 million, with one-fourth for export; catsup and tomato sauces, $3 million, with 15 percent for shipment overseas; and paste and puree, $4 million, with one-fifth to go into foreign trade.

Whether these forecasts can be realized will depend on the situation in other tomato processing countries in the Mediterranean area which include Israel's leading contenders in international trade.

In 1973-74, citrus output was over 1.7 million tons. Although the crop was severely damaged at the height of the season—with about 10 percent destroyed on the tree or fed to animals—more than one-third of the total, 630,000 tons, was processed. About 278,000 tons were Jaffa oranges; 181,000 tons Valencias; 143,000 tons grapefruit; and the rest lemons, navel oranges, and other citrus fruits.

Leading products of the citrus processing sector are natural juices, fruit drinks, concentrates, and syrups. Production of these products increased from 12.6 million actual gallons in 1960 to 72.1 million in 1972, with the greatest volume increase taking place in natural juices and concentrates.

In recent years the citrus supply going to the Israeli processing industry has grown substantially. The world supply of fresh citrus has increased markedly recently and competition in the EC is becoming more intense. To avoid flooding the European market, and to keep prices stable, Israeli citrus producers shifted much of their output to the canneries and away from the fresh market.

THERE ARE NOW 27 factories processing Israeli citrus products, six of these producing only citrus segments. Some older, smaller plants have now been merged with larger units for greater efficiency. At the present time, processors can take about 650,000 tons of citrus fruit annually.

Israel's citrus processing industry handles its largest load during the height of the season in February and March. Because this causes an imbalance in fruit absorption levels, some processors—mainly of citrus segments—have signed uniform contracts with the Citrus Marketing Board for specific weekly or monthly supplies, even in the season's off-peak periods.

In the past, the processing industry was considered a residual purchaser, taking that part of the fresh fruit crop that could not be marketed because of its lower quality or the unsuitability of export prices. Now, however, the processing industry is a major consumer of citrus, specifying the quantity and qual-

*Continued on page 16*

# Record 1974-75 Pakistani Wheat and Rice Crops Could Alter Trade Patterns

PAKISTAN'S RECENTLY harvested 1974-75 wheat crop has set a production record and the rice crop, to be harvested in the fall, is expected to set another—the second consecutive record for both grains. These high output levels will probably enable the Government to procure larger quantities of both grains from farmers and Pakistan is expected to cut its wheat imports and boost its rice exports.

The Pakistani Government says the country has already reached its wheat production target of 8.6 million metric tons, although other estimates place output at around 8.1 million tons. In any case, either outturn would be higher than the 7.8-million-ton record of 1973-74.

The rice harvest will not take place until September-November 1974, but the Government estimates production will reach 3 million tons (milled). Here again, less optimistic estimates favor lower output of 2.7 million tons. And again, either production figure would be a record.

During 1974-75, the Pakistani Government intends to procure about 2.2 million tons of wheat, an amount sufficient to meet year-round requirements if monthly consumption remains as it was in 1973-74. Although there is little information available about the Government's rice procurement plans for 1974-75, it has increased the purchase price of basmati and coarse rice in order to encourage farmers to turn over more of their production. This indicates the Government will boost exports if possible during 1974-75.

However, there are a number of important factors that will determine the success of the Pakistani Government's grain procurement program.

Free market prices, particularly of wheat, are generally higher than the Government's procurement price, and in some regions the market price is higher than in others. This causes a flow of grain from States having a low market price to others offering higher profits. In an effort to halt the flow of wheat to high-priced areas, the Government has restricted interdistrict wheat movements. While this has helped wheat procurement in some surplus regions, the ban has hampered procurement in deficit areas.

Procurement may also be hindered if the Government announces a higher wheat support price too far in advance of the start of planting of the 1975-76 crop—usually in October. If the price is high enough, it may encourage large farmers and dealers to hold back quantities of 1974-75 wheat for release with the 1975-76 crop.

The Government's combined Federal and State grain storage capacity is said to be about 1.6 million tons, 600,000 tons less than the wheat procurement target. In the past, this capacity has been sufficient to handle imports whose arrivals are scheduled throughout the year. But wheat procurement takes place within 2 months of harvest. Thus, the storage shortfall could affect the rate of wheat procurement and cause wheat to be sold on the free market instead of going into the procurement program.

The arrival of large quantities of rice needing storage before being exported could also further complicate the wheat storage situation.

Wheat or rice smuggled into India and Afghanistan could also cut into procurements. This season the Indian wheat support and market prices are about double Pakistan's. India's rice prices are similarly high. The Pakistani Government has adopted stricter measures to control smuggling, including rewards of about US$2 per bag of wheat paid to informers. A 20-mile wide wheat-free corridor has been established and is being patrolled by border guards.

THESE MEASURES will probably reduce trafficking by small operators, but the incentives remain strong for large-scale smuggling.

**Wheat.** Planting of Pakistan's record 1974-75 wheat crop got off to a slow start because of a shortage of rain at sowing time. Poor germination occurred in some areas as dry weather continued late into the season. In other regions farmers delayed too long and were unable to plant. Intermittent rains in December 1973 improved conditions, however, and prospects for wheat that had survived the earlier dry weather took an upturn.

In those areas where wheat is irrigated, the maturing crop suffered relatively little damage. However, where wheat depends exclusively on rainfall, wheat stands were reportedly of lower quality than during the previous year.

The Government's "grow more wheat campaign" initiated in October-November 1973, was mainly responsible for the larger wheat output. As a result of this drive, initiated after large areas of cotton were flooded, many farmers planted wheat on the land when the water subsided. Adequate fertilizer, increased and regularized supplies of canal water, and the excellent December and January rainfall also helped.

Some stockpiling of fertilizers this fiscal year assures an adequate supply for next fall despite earlier fears of a shortage. However, recently announced fertilizer-price boosts could inhibit usage, although the Government may increase support prices enough to offset the higher costs. Wheat output may also be increased somewhat by greater use of high-yielding varieties.

FOR 1975-76, THE Government is considering a wheat production target of 10 million tons.

Despite the record wheat crops of the past 2 years, the increased volume had little influence on imports. This is because most of the crop increase or deficit is absorbed in the countryside. Thus, although wheat production was 6.9 million metric tons in 1972-73 and 7.8 million in 1973-74, imports in those years were 1.5 million and 1.1 million tons, respectively.

The Pakistani Government has reportedly placed orders for 200,000 tons of U.S. wheat and there are indications it might seek more under concessional terms. Import requirements will climb further, however, should Pakistan's wheat procurements fall drastically below the 2.2-million-ton mark. At the present time wheat imports in 1974-75 are likely to be about half those of 1973-74.

Over 60 percent of Pakistan's 1973-74 imports came from the United States —675,758 tons out of the 1.1-million-ton total. Canada was the second largest supplier with 314,535 tons. Because more wheat had been procured from domestic supplies for controlled distribution, 1973-74 imports were 24.7 percent lower than those of the previous year.

About 580,300 metric tons imported from all sources in 1973-74 were cash purchases, 173,900 tons were financed by a 3-year Commodity Credit Corporation credit, and the balance of wheat imports consisted of donations.

TO SUPPLEMENT reduced Public Law 480 wheat availability in 1973-74, shipment of 40,000 metric tons of U.S. sorghum was arranged under Title I of P.L. 480, with deliveries taking place in the April 1974-March 1975 year.

**Rice.** The 1973-74 crop is now officially set at 2.4 million metric tons (milled) harvested from about 3.75 million acres. This is an increase of about 2 percent in acreage and 5 percent in production. Yields increased as a result of greater fertilizer use, good rainfall in areas not damaged by the flood earlier in 1973, and a timely aerial spray program which checked the spread of insects and other pests from flooded areas.

Conditions in Punjab, one of Pakistan's important grain States, were less than ideal in June, the only time high-yielding varieties can be set. Many farmers planted basmati rice instead and as a result, output came to less than the 2.5-million-ton target. Late-planted basmati also suffered some flood damage.

With the sharp rise in Pakistani rice exports in the past 2 years, this grain stands second to cotton as a major foreign exchange earner. As a result, rice figures prominently in Government planning. Pakistan had a 1973-74 procurement target of 650,000 long tons of rice—400,000 tons to come from Sind State and the balance from Punjab. As of April 30, 1974, the Government had procured nearly 500,000 tons of rice from the two States.

Exports during July 1973-March 1974, of 261,395 metric tons, were about half the previous year's total for that period (525,000 tons), mainly because 1972-73 shipments included large carryover stocks from earlier crops. For the full year—July 1972-June 1973—exports were 775,000 tons, compared with an expected 400,000 tons for the 1973-74 year.

*Much of Pakistan's record 1974-75 wheat and rice crops will probably be stored in straw-covered ricks like those above in Punjab State. Right, Pakistani baker mixing water with refined flour to make tandoori roti, a type of bread.*

Major export destinations between July 1973-March 1974, were: Indonesia, 91,500 metric tons; Iraq, 40,900 tons; Saudi Arabia, 37,800 tons; Persian Gulf countries, 29,100 tons; and Iran, 20,300.

Pakistan's rice exports are handled by the Trading Corporation of Pakistan, a semi-Government organization.

Although total rice export volume this year will probably be little more than half that of 1972-73, prices are so much higher that foreign exchange earnings will be close to, or may even exceed, 1972-73 earnings. F.o.b. prices for basmati rice have been about $850 per metric ton with coarse rice selling for about $450 per ton.

—Based on report from
*Office of U.S. Agricultural Attaché*
*Islamabad*

# Gum Arabic In Short Supply, Prices Soar

THE AFRICAN DROUGHT has greatly reduced world supplies of gum arabic and prices of this important water soluble gum have soared. The United States is the world's largest consumer of gum arabic and the current tight supply situation and high prices are causing industry users much concern. U.S. gum arabic stocks have been virtually depleted, and imports this year will likely be below the unusually small 1973 level.

Gum arabic is used in a wide spectrum of products and industries, where it performs as a stabilizer, emulsifier, or as a binding agent. It is quite popular for use in food products as it is tasteless and odorless, and when used in association or in combination with other food items, it does not affect their qualities or food value.

Over half of U.S. consumption is in the beverage and food industries. It is widely used as a foam stabilizer in beer and soft drinks and is an important item in confectionery manufacture, where the gum is used to retard sugar crystalization. The use of gum arabic in spray-dried flavors has expanded rapidly in recent years, especially in packaged gelatin desserts and prepacked cake mixes.

Pharmaceutical applications account for about one-quarter of U.S. consumption where the gum is used as a binder in lozenges and pills, and as an emulsifying agent in medicinal oil emulsions such as castor oil, mineral oil, and cod liver oil. It is also used as a stabilizer in cough and cold remedies. The balance of U.S. consumption is in the lithography, cosmetic, and adhesive industries.

The current shortage and high prices for available supplies has sent industry researchers scurrying to find substitutes. To date, there has been some limited success achieved with cornstarch derivatives.

Sudan is the world's largest producer of gum arabic, accounting for about 80 percent of the total. Although the Sudanese producing areas were not as hard hit as those of other African countries in the major drought belt, rainfall in recent years has been below normal and gum crops have been small. Sudan's gum exports totaled 43,756 metric tons in 1972, well below the 1965-69 average of 53,019 tons, and 1973 shipments were sharply lower.

Most all of the balance of the world's supply of gum arabic is produced in Mauritania, Senegal, Chad, Mali, Niger, and in northern Nigeria. All of these African countries have been greatly affected by the Sahelian drought.

Not only has the adverse weather hurt the acacia trees from which the gum is extracted, but workers who would normally collect the gum have been migrating out of the drought areas. The gum collections are usually made by nomads, who "wound" the trees after the rainy season ends and return some months later to collect the exudate. The scarcity of drinking water and food for these workers has become a major problem. The gum collections usually begin in November-December and continue through until June or July.

The best grade gum arabic comes from the Kordofan Province of Sudan, which is to the west of the White Nile.

Because of the small 1972-73 Sudanese harvest, the Gum Arabic Trading Company (GATC), which handles all of Sudan's gum sales and exports, has been using new crop material from the 1973-74 collections to fulfill outstanding contracts of last year, The GATC has been offering the remainder of the 1973-74 crop on a bid basis, and prices have been ranging from $3,300 to $4,609 per metric ton f.o.b. ($1.50 to $2.09 per pound), compared with year-earlier quotations of $676 per ton (31 cents per pound).

U.S. consumption of gum arabic in recent years has been estimated at between 25 and 30 million pounds annually. However, U.S. imports of gum arabic in 1973 totaled only 16.8 million pounds valued at $5.2 million, about half of the 1972 imports of 32 million pounds valued at $9.7 million. Sudan supplies the major portion of U.S. gum arabic imports, accounting for 95 percent of the 1973 total.

Most U.S. imports made during the early months of this year were based on unfilled 1973 contracts, and new contract material will probably not be arriving until early summer.

—By REX E. T. DULL
*Special Studies Branch, FAS*

# Salvadoran Law Aids Poultry Industry

El Salvador's poultry and egg industry is booming, with much of the credit going to its recently renewed Poultry Development Law, which provides fiscal incentives for the country's expanding poultry complex.

The provision under the Law having the greatest impact exempts the poultry industry from all taxes and duties. The Law also allows duty-free importation of virtually all inputs and frees the industry from the stamp tax on sales of poultry products and concentrates.

It was not until 1950 that development of El Salvador's commercial poultry operations was begun. At this time the Ministry of Agriculture began to promote the formation of small farms—called, "granjas," which are technically equipped for efficient and economic production. Development was retarded, however, by the relatively high prices of required production inputs.

As El Salvador's population skyrocketed, however, efforts to find new food sources intensified. Taking into account the rapid growth rate of birds, the Government looked to poultry as a possible source of protein. The result of its examination was the Ley de Fomento Avicola—Law for the Development of the Poultry Industry. El Salvador was concerned with not only boosting poultry production, but also with meeting the competition offered by Guatemala. The Salvadoran Law was patterned after one adopted by Guatemala 2 years earlier, which sparked rapid growth of that country's poultry industry.

In El Salvador, the Law prompted a similar upswing in the commercial poultry industry and egg production. At the time of the first census of the commercial sector (1962-63), there were 87 granjas, 410,000 birds, and a daily production of 155,521 eggs. Just about 10 years later, the figures showed 123 granjas, close to 2 million birds, and daily egg totals of 700,000.

Development of the broiler industry has also been dramatic, with production increasing from about 1.7 million pounds in 1961-62 to over 7.7 million pounds in 1972-73.

—Based on a dispatch from
*Office of U.S. Agricultural Attaché*
*San Salvador*

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Soviet Grain Prospects Improve

Conditions reported as of early July indicate prospects for a gross grain crop of about 215 million metric tons in the Soviet Union. A harvest of this size would be roughly 10 million tons larger than the announced goal for 1974, and would be 10 million tons higher than the amount estimated by the U.S. Department of Agriculture in mid-June. The record 1973 crop totaled 222.5 million tons.

The current estimate for both 1974 Soviet wheat production and coarse grain output is 100 million tons. Each is up 5 million from the mid-June estimates. The current estimate for miscellaneous grains and pulses remains unchanged from the 15-million-ton estimate of mid-June.

Weather during June this year was generally favorable for development of the USSR grain crop, particularly for spring grains. Precipitation for the month ranged from slightly below average in the extreme southern part of European USSR to more than double the normal amount in the Volga Region. Over most of the major agricultural areas of both European and Asian USSR, June precipitation generally ranged between 125 and 150 percent of normal level.

Soil moisture supplies at the end of June mostly were improved from those of a year earlier. Areas with smaller supplies of soil moisture this year than at the end of June in 1973, were Moldavia, the southern and eastern parts of the Ukraine, the North Caucasus, and Altay Kray. However, soil moisture supplies at the end of June 1974 were below the 1969-73 average for that date in most areas from the Urals eastward, as well as in Moldavia and the Southern Ukraine. On the other hand, moisture supplies were significantly better than the 1969-73 average over all of the major agricultural areas of European USSR, except Moldavia and Southern Ukraine.

### Unfavorable Weather Clouds East European Grain Outlook

The late April-early May rains that finally broke East Europe's drought continued throughout May and June, and now threaten that area's grain prospects. Persistent rainfall, often accompanied by high winds and unseasonally cool weather, has caused sporadic flooding. Serious lodging could result if rains continue.

Hungary and Czechoslovakia appear to be the hardest hit by the continuous rainfall and unusually cold, windy weather. Press reports indicate bad weather may have destroyed nearly 30,000 acres of the Hungarian grain crop, while other sources indicate the damage could be more serious. Rainfall in Czechoslovakia has continued almost daily since early June—accompanied at times by unusually cold temperatures and hail storms—intensifying the perennial problem of a shortage of dry storage space for grains.

In Poland, lack of moisture in early spring has been overcome completely by persistent early summer rains. However, the optimistic outlook as of the beginning of July, has been tempered by recent reports of continuous heavy rainfall and cool temperatures in some districts.

Bulgaria, however, is expecting a normal grain harvest if the hot, dry weather reported at the beginning of July continues throughout the country.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | July 16 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 5.90 | + 8 | (1) |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAQ[2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 5.72 | + 1 | 3.94 |
| 15 percent | (1) | (1) | 4.01 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 5.14 | + 3 | 3.91 |
| No. 3 Hard Amber Durum | 7.81 | +37 | 4.54 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | 3.84 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.45 | − 2 | 3.25 |
| Argentine Plate corn | 3.77 | − 1 | 3.68 |
| U.S. No. 2 sorghum | 3.11 | + 9 | 3.09 |
| Argentine-Granifero sorghum | 3.14 | +10 | 3.12 |
| U.S. No. 3 Feed barley | 2.90 | + 1 | 2.76 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 6.75 | + 3 | 8.18 |
| EC import levies: | | | |
| Wheat[3] | [4] 0 | 0 | 1.02 |
| Corn[5] | [4] 0 | 0 | .49 |
| Sorghum[5] | [4] .24 | −21 | .60 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

## COTTON

### May Cotton Exports Push 1973-74 Total To Near 5-Million Bale Mark

U.S. exports of raw cotton in May 1974 of 561,000 running bales brought the total for the first 10 months of the 1973-74 season to 4.8 million. Cumulative shipments were 17 percent above those for the same period last season and represent the highest August-May total since 1960-61, when 6.1 million bales were exported. Exports for the entire 1973-74 season

are now estimated at 6.1 million bales, 100,000 higher than earlier forecasts, and 15 percent higher than exports of 5.3 million bales in 1972-73.

May shipments to European destinations of 76,000 bales, or 14 percent of the total, were also 14 percent above the 67,000 bales shipped in May 1973. Cumulative August-May shipments to Europe of 674,000 bales were the second highest since 1967-68, but 35 percent less than those for the same period of 1972-73 which exceeded 1 million bales. With the exception of the Scandinavian countries, Italy, Poland, Romania, and Spain, all European destinations registered declines in May shipments this year from those of May 1973.

May exports to non-European destinations, totaling 485,000 bales, were 31 percent above shipments in May 1973. May 1974 exports were substantially above May 1973 levels to Indonesia, Canada, Malaysia, Morocco, Singapore, and the People's Republic of China, but lower to Ghana, South Korea, the Philippines, and Thailand. Cumulative August-May exports to all non-European destinations of 4.1 million bales were up 35 percent from the 3.1 million bales shipped during the same period last year.

## TOBACCO

### EC Authorizes Aid For Wrapper Tobacco

The European Community Council has authorized "special aid" to ensure sale of Italian cigar wrapper tobacco left over from the 1968 and 1969 crops.

Processors of these tobaccos will receive payment equivalent to 4.45 units of account per kg (about $2.44 per lb.). Quantity of wrapper involved is not known.

The special aid is justified on grounds that the wrapper accumulated before the Common Agricultural Policy for tobacco went into effect, and therefore, was not eligible for the buyers premiums payable by the Community on wrapper from the 1970 and subsequent crops.

The buyers premium for 1974 crop wrapper is 5.66 units of account per kg.

### EC Issues Tender For Italian Tobacco

On June 24, the European Community Commission issued an invitation to tender for export of 17.2 million pounds of tobacco from the 1970 crop being held by the Italian intervention agency.

The tobacco offered apparently represents the remnants of 1970 crop intervention stocks and includes about 5.5 million pounds of burley and 8.2 million of oriental and semi-oriental.

The dealine for submission of bids is September 6. Acceptance of tenders would be made within 15 days following the closing date.

The tobacco likely would move into export markets at prices well below the cost of production. The burley could compete in third markets with lower quality burleys from other sources and the oriental conceivably could be attractive to U.S. manufactureres in view of current high prices for Turkish and Greek orientals.

The EC is presently subsidizing exports of 1971 and 1973 crop Italian tobaccos, including burley, to specified destinations in North Africa, Eastern Europe, and the Far East. Subsidies range from about 7 to 14 cents per pound depending on type. While restitution for these tobaccos is fixed in amount and destination, apparently no such limitations will apply to tobacco disposed of by export tender. This could become a convenient and regular method for disposing of surplus Community tobacco stocks.

## DAIRY AND POULTRY

### EC Ends Broiler Export Subsidy

The 6.5-cents-per-pound export subsidy established by the European Community on May 1 was terminated effective July 1. Some 48 million pounds were exported, about half of it to the USSR, with the aid of the subsidy. There are now no EC export subsidies for poultry meat or eggs.

### West Germany Approves New Low-Fat Butter

West Germany has approved the production and marketing of butter with a fat content of at least 39 percent but not more than 41 percent. This butter must be produced from dairy cream or butter, with milk protein added.

One purpose of authorizing the low-fat butter is to assist consumers in reducing caloric intake without drastically changing consumption habits. Another is to help the dairy industry meet competition from the margarine industry, which has developed a type of margarine with fat content of about 40 percent. This margarine product has been on the German market for a number of years and reportedly has found favorable consumer acceptance.

## SUGAR AND TROPICAL PRODUCTS

### Brazil Reports Record 1973 Sugar Exports

In 1973 Brazil increased sugar exports by 13 percent over 1972's level to 2,970,600 metric tons, valued at US$600 million. Exports were largest to the United States, totaling 445,600 metric tons. Exports to the Soviet Union (440,300 metric tons) and the People's Republic of China (371,300) compare with those of 1972, which were 330,200 and 410,700 metric tons, respectively. Exports to oil producing Islamic countries, notably Iran and Iraq, were up.

In terms of 1974-75 production, Brazil has authorized a 12 percent increase, to place the total at 125 million bags, or 7.8 million metric tons, raw value. Production during the 1973-74 season was 6.9 million tons. The Sugar and Alcohol Institute is investing $183 million in a program to increase production capacity to 9 million metric tons by 1977.

## FATS, OILS, AND OILSEEDS

### India Expanding Peanut Meal Exports

During January-March 1974, India's exports of peanut meal rose to 302,300 metric tons—24 percent above the 243,900 tons shipped during the same 1973 period. Nearly 180,000 tons, or three-fifths of the total, moved to centrally

planned countries, compared with less than 140,000 tons, or 57 percent, in the 1973 period. Japan, the largest single destination, registered about 55,000 tons of peanut meal, or 5,000 tons less than during same 3 months of 1973.

The increase reflects larger availabilities from the record 6-million-ton 1973 peanut harvest. Exports for calendar 1974 are expected to be about 1 million tons, compared with 817,800 tons in 1973, and 855,300 tons in 1972.

### Peru Sells Fishmeal to the PRC

Officials of the Peruvian fishmeal and oil export agency (EPCHAP) disclosed plans for contract negotiations during August-September this year with representatives of the People's Republic of China (PRC) on fishmeal purchases. Reportedly the PRC will be seeking a 2-year contract for 150,000 tons of fishmeal per year. One EPCHAP official indicated that, based upon a recent 4-month trip to the PRC, the bulk of the fishmeal would be used for swine feeding in communes surrounding major coastal cities. Payment arrangements between Peru and the PRC are in pounds sterling.

### Brazil's Soybean, Meal Exports Lagging

During October 1973-June 1974—the period corresponding to the U.S. marketing year—Brazilian exports of soybeans and meal (meal basis) declined to 1.5 million metric tons, compared with 1.66 million for the same 9-month period of 1972-73. The volume for the current period is equal to the meal fraction of 69.4 million bushels of soybeans—7.6 million less than that for the volume shipped during the first 9 months of 1972-73. All of the decline was reflected in reduced meal exports which, at 810,000 tons, were down more than 300,000 tons from those for the 1972-73 period. The bulk of Brazilian soybean and meal exports move to East and West European markets.

## FRUIT, NUTS, AND VEGETABLES

### EC Changes Selected Fruit Export Subsidies

The European Community announced several export subsidy changes effective June 19, 1974. Iceland has been removed from the list of third countries to which the apple export subsidy of 3 units of account per 100 kg applies. In addition, a subsidy of 4 units of account per 100 kg was established for fresh peaches.

### EC Sets 1974-75 Lemon Prices

Reference prices were established by the European Community Commission on May 31, 1974, for fresh lemons imported into the EC during the 1974-75 marketing year. Reference prices—often referred to as minimum entry prices—are established annually by the EC Commission for a wide array of fresh fruits and vegetables. The reference price system was designed to protect EC horticultural producers, particularly Italy, against low-priced imports from third countries.

The 1974-75 reference prices for fresh lemons are generally 11-12 percent above those applicable in 1973-74. Reference prices for 1973-74 are shown in parentheses.

EC REFERENCE PRICES FOR FRESH LEMONS
[In units of account[1] per 100 kg]

| | 1974-75 | |
|---|---|---|
| June 1974 | 25.9 | (23.3) |
| July | 27.3 | (24.5) |
| August | 27.7 | (24.9) |
| September | 24.6 | (22.1) |
| October | 21.7 | (19.4) |
| November | 19.7 | (17.6) |
| December | 20.2 | (18.1) |
| January 1975 | 21.1 | (18.9) |
| February | 20.7 | (18.5) |
| March | 21.2 | (19.0) |
| April | 22.0 | (19.7) |
| May | 22.4 | (20.1) |

[1] Official parity between the EC's unit of account (u.a.) and the U.S. dollar is u.a. equals US$1.20635. This, however, merely represents an overall approximation. A more precise measurement would necessitate adjustments to reflect the relationship of the respective currency of each EC Member State to the unit of account and to the current value of the U.S. dollar.

## GENERAL

### India's Monsoon Activity Generally Below Normal

The performance of India's monsoon thus far in the current season has been generally tardy in coverage and below normal in performance. Available information indicates that kharif (fall harvest) sowings in parts of the country have been delayed because of the monsoon's performance. This delay is causing concern among farmers in several States. Further below average activity will place increasing importance on the behavior of the monsoon during the balance of the season.

### Turkey Resumes Poppy Cultivation

The Turkish Government recently announced resumption of opium poppy cultivation. A resolution has been signed authorizing opium poppy cultivation in six Provinces in western Turkey. This comes exactly 3 years after the Turkish Government had agreed to terminate opium poppy cultivation, and had proceeded with U.S. assistance to find appropriate substitute enterprises for opium-producing farmers.

The termination of opium poppy cultivation was never a popular move in Turkey, and became a heated issue during last year's national election. At that time, both major political parties campaigned on a pledge to resume poppy cultivation.

State farms began germinating poppy seeds in March and will distribute them to the farmers for planting in October.

### Other Foreign Agriculture Publications

- World Meal Production and Exports: 1974 Situation and 1975 Outlook (FFO 7-74)
- World Livestock Numbers for 1974 (FLM 7-74)
- World Agricultural Production and Trade Statistical Report (June 1974)

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FOREIGN AGRICULTURE

## ISRAELI PROCESSED FOOD EXPORTS GAIN IMPORTANCE

*Continued from page 9*

ity of its purchases. By maintaining closer control of its operations, processors can quickly adjust to the vagaries of the European and other markets, shifting from the processing of fruit segments to natural juices to fruit drinks, to meet the dictates of the consumer.

The vegetable processing industry has also grown rapidly and both domestic supplies and export increases show this. Divided into three main branches—canning (mostly tomato products), dehydration, and freezing—the industry has seen a marked growth in tomato supplies for canning and vegetables for dehydration. The freezing industry is in its infancy, but is expected to show large future growth.

Total fresh tomato production in 1972 was 161,000 tons, of which more than half went to the processing industry. The industry will probably be able to handle about 150,000 tons in the next few years, almost double the present level. It is probable the industry will expand its tomato line to include some exotic new products. These might include tomato powders, new kinds of sauces, and other tomato products now being produced in some larger industrial countries, but not yet common in Israel. Research is also being done to develop tomato varieties for the fresh market but which also are suitable for mechanical harvesting.

In 1965, the canning industry absorbed just under 17,000 tons of tomatoes grown specifically for industrial use. In 1971, it took 66,000 tons and 86,000 tons in 1972. The industry produces peeled tomatoes, tomato juice, a variety of tomato sauces, tomato purees, and paste. Local consumption of these products is about 25,000-30,000 tons, the rest is exported.

Vegetable dehydration was at first an offshoot of the fresh vegetable industry and used surplus produce. Now the industry buys vegetables grown specifically to meet its needs. The most important dehydrated products are carrots, onions, potatoes, red and green peppers, and red beets. The industry bought about 26,000 tons of vegetables in 1971 and forecasts indicate that by 1980 it will use close to 90,000 tons. Judging from past experience, it is probable the forecast is on the low side.

The frozen vegetable industry began production in 1971, and domestic sales now include broccoli, brussels sprouts, corn on the cob, and peas. Exports consist mainly of corn, green beans, carrots, cauliflower, broccoli, and brussels sprouts, and in 1971 amounted to some $400,000, with returns from 1973 exports expected to reach about $2.5 million. At present there are two freezing plants in operation with a capacity of about 45,000 tons.

The Israeli Government gives high priority to developing the food processing industry. It refunds customs duties, purchase taxes, or other fees on raw materials or intermediate products whether produced in Israel or imported. Exporters receive compensation for indirect local taxes through a special refund proportional to the added value of the exported products.

The Ministry of Commerce and Industry participates in export promotion activities and pays part of promotion costs, including market surveys, participation in international shows and fairs. It also maintains overseas sales promotion offices.

The Government also helps by making available working capital for exporters to be used to purchase raw materials and pay salaries, and other costs. Other incentives include Government development loans and tax concessions.

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